EFFECTIVENESS OF A CORE BANKING TECHNOLOGY TRANSFER: CASE STUDIES OF SELECTED BANKS IN SRI LANKA

Thushara Amarasinghe

A Dissertation submitted in partial fulfillment of the requirements for the degree of Master of Business Administration in Management of Technology

Department of Management of Technology

University of Moratuwa

Srilanka

91197

Abstract

This case study is focused on an analysis and learning experience of a foreign core banking technology which was implemented in three local banks in Sri Lanka, during the period19992001.

Sri Lankan banks are constantly investing in new state-of-the-art technologies to compete with global hank* and' or to comply with the Central Bank regulations. Most of the technologies purchased by these bulks arc of foreign origin for which vast sums of money is spent. Therefore it is important that the hanks succeed in their technology transfer to achieve the objectives stated below and have a positive ROI. The main purpose of this study is to asses one such technology transfer and implementation experience, analyse the issues the banks encountered, and provide recommendations tor future transfers.

On evaluating some of the technology transfer models v» a literature survey, the study selected the Stage-Gate concept to analyze the core honking technology transfer and its implementation experiences, in the throe banks. This is accomplished by means of identifying the key activities involved in the core banking technology transfer process. Thereafter the activities were convened to stages, and the Stage-Gate model concept was applied to these stages: followed by identifying the technology capabilities required at each stage.

The development of this dissertation was mainly based on the information gathered through carefully selected individuals from the three banks. The data collection was by means of questionnaires and interviews Each bank's technology transfer was reviewed via a scoring mechanism adopted for each Stage Gate activity, followed by assessing the technology capability prior to the technology transfer and their level of enhancement after the transfer. Further it has assessed each bank's objectives for purchasing the technology and their level of achievement, after its implementation**.**

Following noteworthy findings were observed from the analysis:

a) The prime objectives of one hank were not met due to unsuitability of the selected technology: resulting unsuccessful technology transfer at an enormous cost.
b) l.ack of certain technology capabilities proved ID have a negative impact on some of the Stage-gate activities.

0 Lad of ownership and control on the customization activity had an adverse effect.

d) Effective knowledge transfer from technology vendor to the three recipient hanks resulted in enhanced technology capabilities

e) Non existence of a complete post implementation audit of the technology transfer in these banks is seen as a key drawback.

Hence it is recommended that activities mentioned in the Stage-Gate model to be executed for a software technology transfer. Further customization on any technology should be minimized and instead, an application of BPR performed wherever necessary. It is suggested that a post implementation audit be performed on the technology transfer process in order to apply the learning for future transfers.